

## Indicator Reference Sheet: number of awards made directly to local organizations

Mandatory	
Indicator	Number of awards made directly to local organizations.
Definition	<p>This indicator counts the number of awards made directly by USAID (not through intermediaries) to local organizations each fiscal year. It excludes awards made to public sector institutions but can include awards made to parastatals or universities. Awards can be either acquisition or assistance.</p> <p>For purposes of indicator reporting, at the time of the award a “local organization” must,</p> <ul style="list-style-type: none"> <li>(1) be organized under the laws of the recipient country;</li> <li>(2) have its principal place of business in the recipient country</li> <li>(3) be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country</li> <li>(4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country;</li> </ul> <p>The term “controlled by”, (4), means a majority ownership or beneficiary interest as defined at (3), above, or the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization’s managers or a majority of the organization’s governing body by any means, e.g., ownership, contract, or operation of law.</p> <p>“Foreign entity” means an organization that fails to meet any part of the “local organization” definition.</p> <p>Government controlled and government owned organizations in which the recipient government owns a majority interest or in which the majority of a governing body are government employees, are included in the above definition of local organization.</p> <p>For regional platforms the definition of a local organization can be expanded to include regional organizations that meet the following criteria:</p> <ul style="list-style-type: none"> <li>(1) be organized under the laws of a country in the region served by the platform,</li> </ul>

	<p>(2) have its principal place of business in the region,</p> <p>(3) be majority owned by individuals who are citizens or lawful permanent residents of the region or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of the region,</p> <p>(4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the region.</p> <p>Regional platforms <u>and bilateral missions</u> also may include obligations or sub-obligations to international organizations composed principally of countries to which membership is limited to countries within the region, provided the funds are to be implemented directly by or through the regional international organization.</p>
New or Existing Indicator?	Replaces 6.2.1.1
Primary Program Area (Program Element for IIP) Linkage	n/a cross cutting USAID Forward – sustainable capacity development
Primary Program Element (Program Sub-Element for IIP) Linkage	n/a cross cutting USAID Forward indicator – sustainable capacity development
Linkage to Long-Term Outcome or Impact	This indicator tracks operating unit progress towards meeting an objective of USAID Forward's Implementing Procurement Reform (IPR) objective to diversify USAIDs partner base. It is a direct measure of the increase in the number of USAID local partners.
Indicator Type	Output
Unit of Measure	Number of awards to local partners in the past fiscal year.
Use of Indicator	This indicator measures progress towards the targets set under IPR objective 2. It will be used by USAID senior staff, Bureau-level planners and by Country-level managers to assess progress in achieving USAID Forward's Objective 2 (LCD) of IPR and to plan for improvements in LCD programming.
Data Source and Reporting Frequency	Data will be collected by each operating unit annually from acquisition and assistance records kept in the operating unit.
Known Data Limitations	None
Baseline Timeframe	2010 (each operating unit will establish a baseline figure for fiscal year 2010)
Responsibility	USAID Forward local capacity development team. Each operating unit will use this indicator to report on their contribution to USAID Agency-level targets. Point of contact Littleton Tazewell <a href="mailto:ltazewell@usaid.gov">ltazewell@usaid.gov</a> 202 712 0508

Disaggregate(s)	For profit and not for profit organizations
-----------------	---

**Indicator Reference Sheet: dollar value and percentage of operating unit program funds obligated through public sector financial management systems**

<b>mandatory</b>	
Indicator	Dollar value and percentage of operating unit program funds obligated through partner country systems
Definition	<p>This indicator is expressed in terms of a numerator and denominator. The numerator is the dollar value of operating unit annual program allocation funded through implementation actions for direct implementation through partner country systems during the fiscal year. An implementation action may be (i) a direct obligation, or (ii) a sub-obligation under an Assistance Agreement, Strategic Objective Agreement, or Development Objective Agreement. The term “partner country system” is defined in ADS 220.1. The denominator is the total value of the current year program allocation for the Operating Unit. An operating unit’s annual program allocation includes new obligating authority (NOA), carryover funds, and transfers from other US Government agencies.</p> <p>Partner country systems can be at the sovereign and sub-sovereign level. Funds obligated through regional governmental organizations are not included since these are defined as international organizations.</p> <p>An obligation is defined as a binding agreement that will result in an outlay (payment) either immediately or in the future. Budgetary resources (appropriations or other legal authorizations) must be available before obligations may be legally incurred.</p>
New or Existing Indicator?	Combination of 6.2.1.4 and 6.2.1.6
Primary Program Area (Program Element for IIP) Linkage	n/a cross cutting USAID Forward – sustainable capacity development
Primary Program Element (Program Sub-Element for IIP) Linkage	n/a cross cutting USAID Forward indicator – sustainable capacity development
Linkage to Long-Term Outcome or Impact	This indicator tracks operating unit progress towards meeting the stated target of USAID Forward’s IPR Objective 1: “strengthen partner country capacity to improve aid effectiveness and sustainability. It is a direct measure of the objective to: “increase obligations of program funds through partner country systems”.
Indicator Type	Outcome

Unit of Measure	<p>1. Dollar value of funds directly obligated or sub-obligated</p> <p>2. Total program annual program allocation</p> <p>See definition above</p>
Use of Indicator	<p>This indicator measures progress towards the targets set under IPR objective 1. “Strengthen partner country capacity to improve aid effectiveness and sustainability by increasing use of reliable partner country systems and institutions to provide support to partner countries.” It will be used by USAID senior staff, Bureau-level planners and by Country-level managers to assess progress in achieving USAID Forward’s Objective 1 of IPR and to plan for improvements in programming directly with public sector institutions.</p>
Data Source and Reporting Frequency	<p>Data will be collected by each operating unit annually from budget, acquisition and assistance records kept in the operating unit.</p>
Known Data Limitations	<p>This indicator is a proxy for improved capacity of financial management systems. Without appropriate controls and pro-active monitoring/capacity building efforts, increasing funds through partner country systems could in fact have the reverse of the intended effect. (Increasing funds to an institution not yet ready to manage those funds could make the institution vulnerable to corruption, mission-drift, etc.) Therefore it is essential that operating unit staff monitor implementation for unintended consequences.</p>
Baseline Timeframe	<p>2010 (each operating unit will establish a baseline figure for fiscal year 2010)</p>
Responsibility	<p>USAID Forward Objective 1 team. Each operating unit will use this indicator to report on its contribution to USAID Agency-level targets. Point of contact Tom Briggs <a href="mailto:tbriggs@usaid.gov">tbriggs@usaid.gov</a> (202) 567-5384</p>
Disaggregate(s)	<p>None</p>

**Indicator Reference Sheet: dollar value and percentage of operating unit  
program funds obligated to local organizations**

Mandatory	
Indicator	Dollar value and percentage of operating unit program funds obligated to local organizations
Definition	<p>This indicator is expressed in terms of a numerator and denominator. The numerator is the dollar value of operating unit program funds obligated or sub-obligated directly by USAID (not through intermediaries) to local organizations during the fiscal year. The denominator is the total value of the annual program allocation for the Operating Unit. An operating unit's annual program allocation includes new obligating authority (NOA), carryover funds, and transfers from other US Government agencies.</p> <p>For purposes of indicator reporting, at the time of the award a "local organization" must,</p> <ul style="list-style-type: none"> <li>(1) be organized under the laws of the recipient country;</li> <li>(2) have its principal place of business in the recipient country</li> <li>(3) be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country</li> <li>(4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country;</li> </ul> <p>The term "controlled by", (4), means a majority ownership or beneficiary interest as defined at (3), above, or the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization's managers or a majority of the organization's governing body by any means, e.g., ownership, contract, or operation of law.</p> <p>"Foreign entity" means an organization that fails to meet any part of the "local organization" definition.</p> <p>Government controlled and government owned organizations in which the recipient government owns a majority interest or in which the majority of a governing body are government employees, are included in the above definition of local organization.</p> <p>For regional platforms the definition of a local organization can be expanded to include regional organizations that meet the following</p>

	<p>criteria:</p> <p>(1) be organized under the laws of a country in the region served by the platform,</p> <p>(2) have its principal place of business in the region,</p> <p>(3) be majority owned by individuals who are citizens or lawful permanent residents of the region or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of the region,</p> <p>(4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the region.</p> <p>Regional platforms also may include obligations or sub-obligations to international organizations composed principally of countries to which membership is limited to countries within the region, provided the funds are to be implemented directly by or through the regional international organization.</p> <p>An obligation is defined as a binding agreement that will result in an outlay (payment) either immediately or in the future. Budgetary resources (appropriations or other legal authorizations) must be available before obligations may be legally incurred.</p>
New or Existing Indicator?	NEW
Primary Program Area (Program Element for IIP) Linkage	n/a cross cutting USAID Forward indicator – sustainable capacity development
Primary Program Element (Program Sub-Element for IIP) Linkage	n/a cross cutting USAID Forward indicator – sustainable capacity development
Linkage to Long-Term Outcome or Impact	This indicator tracks operating unit progress towards meeting the stated target of USAID Forward's IPR Objective 2: increase value of direct grants and contracts to local organizations. It is a proxy measure of the outcome of objective 2: Strengthen local civil society and private sector capacity to improve aid effectiveness and sustainability. The assumption is that increased funds obligated to local organizations is directly correlated to higher capacity of these organizations because a) USAID can only give funds to organizations capable of managing those funds, thus an increase in funds indicates higher capacity and b) organizations that have organizational weaknesses will be required to include capacity building targets in their activities as a requirement for ongoing receipt of funds.
Indicator Type	Outcome
Unit of Measure	<ol style="list-style-type: none"> <li>1. Dollar value of funds directly obligated or sub-obligated</li> <li>2. Total program operating year budget</li> </ol> <p>See definition above</p>

Use of Indicator	This indicator measures progress towards the targets set under IPR Objective 2. It will be used by USAID senior staff, Bureau-level planners and by Country-level managers to assess progress in achieving USAID Forward's Local Capacity Development Objectives and to plan for improvements in LCD programming.
Data Source and Reporting Frequency	Data will be collected by each operating unit annually from budget, acquisition and assistance records kept in the operating unit.
Known Data Limitations	This indicator is a proxy for increased capacity. Without appropriate controls and pro-active monitoring/capacity building efforts, increasing funds to local organizations could in fact have the reverse of the intended effect. (Increasing funds for an organization not yet ready to manage those funds could make the organization vulnerable to corruption, mission-drift, dependency on a single donor etc.) Therefore it is linked to other indicators that measure the quality of organizational capacity such as "Average % change in organization capacity amongst USAID direct and indirect local implementing partners ",
Baseline Timeframe	2010 (each operating unit will establish a baseline figure for fiscal year 2010)
Responsibility	USAID Forward local capacity development team. Each operating unit will use this indicator to report on their contribution to USAID Agency-level targets. Point of contact Littleton Tazewell <a href="mailto:ltazewell@usaid.gov">ltazewell@usaid.gov</a> 202 712 0508
Disaggregate(s)	For profit and not for profit organizations.

## Indicator Reference Sheet: % of implementing partners with metrics to track capacity development activities

mandatory	
Indicator	% of mission implementing partners with organizational capacity development objectives or activities in their agreements who report on capacity development metrics on a regular basis.
Definition	<p>This indicator tracks the percentage of implementing partners who undertake organizational capacity development activities and who report on progress made towards strengthening capacity on a regular (at least annual) basis. The partners can be local, US or international. They can be the recipients of any type of award. Implementing Partners who report on the number of people trained but do not also report on the impact of that training on organizational performance would not be included in the numerator.</p> <p>The indicator is expressed in terms of a numerator and a denominator. The numerator is the number of partners who have capacity development activities and who monitor and report on the impact of those activities on organizational development. The denominator is the total number of awards currently active in the operating unit.</p>
New or Existing Indicator?	New
Primary Program Area (Program Element for IIP) Linkage	n/a cross cutting USAID FORWARD - sustainable capacity development
Primary Program Element (Program Sub-Element for IIP) Linkage	n/a cross cutting USAID FORWARD - sustainable capacity development
Linkage to Long-Term Outcome or Impact	This indicator tracks implementing partner capacity to implement and report on their organizational capacity development activities as well as USAID's progress in including explicit capacity development indicators in awards/approved partner work plans/monitoring plans. The hypothesis is that the capacity of public, private for profit and not for profit organizations in recipient countries must be further developed in order to improve their financial management and their success in meeting the needs of their constituents. Direct funding will in turn increase local ownership and the effectiveness of foreign assistance.
Indicator Type	Output
Unit of Measure	1. Number of implementing partners reporting on capacity development activities. 2. Total number of active awards.
Use of Indicator	This indicator measures progress towards the objectives of USAID



	Forward IPR capacity development objectives and will be used by USAID senior staff, Bureau-level planners and by Country-level managers to assess progress in achieving those objectives.
Data Source and Reporting Frequency	Data will be collected by AOTRs and COTRs from the capacity development metrics in implementing partner quarterly, semi-annual or annual reports.
Known Data Limitations	None – each operating unit will need to assess the quality of data reported by their implementing partners.
Baseline Timeframe	2010 (each operating unit will establish a baseline figure for fiscal year 2010)
Responsibility	USAID Forward local capacity development team. However, each operating unit will own this indicator and be required to assume responsibility the quality of their reporting. Point of contact Littleton Tazewell <a href="mailto:ltazewell@usaid.gov">ltazewell@usaid.gov</a> 202 712 0508
Disaggregate(s)	None

## Indicator Reference Sheet: average percent change in organizational capacity

Indicator	Average percent change in score on key areas of organization capacity amongst USAID direct and indirect local implementing partners.
Definition	<p>Annual % change in the capacity of local organizations measured across eight key capacity areas using the Organizational Capacity Assessment (OCA) tool. A copy of this tool is attached for reference. The key capacity areas include:</p> <ol style="list-style-type: none"> <li>1. Governance</li> <li>2. Administration</li> <li>3. Human Resources Management</li> <li>4. Financial Management</li> <li>5. Organizational Management</li> <li>6. Program Management</li> <li>7. Project Performance Management</li> <li>8. Leadership and Team Dynamics</li> </ol> <p>The average percent change should be the sum of all capacity assessment scores divided by the number of scores as compared to the previous year. The numerator is the total annual score and the denominator is the number of organizations assessed each year. An average has been chosen because it is recognized that the number of organizations USAID works with may change overtime. Operating units should retain data disaggregated by organization in their performance management plan files. In addition, each operating unit must include the assessment tool they are using, a description of the methodology employed for its implementation and the data source identified as the basis for the rating of each factor in their performance management plan files. For additional information and information on training about how to use the OCA please contact the USAID FORWARD local capacity development team – Pamela Wyville-Staples <a href="mailto:pwpyville-staples@usaid.gov">pwpyville-staples@usaid.gov</a> (202) 712-0783</p> <p>For purposes of indicator reporting, at the time of the award a “local organization” must,</p> <ol style="list-style-type: none"> <li>(1) be organized under the laws of the recipient country;</li> <li>(2) have its principal place of business in the recipient country</li> <li>(3) be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country</li> <li>(4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country;</li> </ol> <p>The term “controlled by”, (4), means a majority ownership or beneficiary interest as defined at (3), above , or the power, either directly or</p>

	<p>indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization’s managers or a majority of the organization’s governing body by any means, e.g., ownership, contract, or operation of law.</p> <p>“Foreign entity” means an organization that fails to meet any part of the “local organization” definition.</p> <p>Government controlled and government owned organizations in which the recipient government owns a majority interest or in which the majority of a governing body are government employees, are included in the above definition of local organization.</p> <p>For regional platforms the definition of a local organization can be expanded to include regional organizations that meet the following criteria:  (1) be organized under the laws of a country in the region served by the platform,  (2) have its principal place of business in the region,  (3) be majority owned by individuals who are citizens or lawful permanent residents of the region or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of the region,  (4) not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the region.  Both prime partners and sub awardees should be included</p> <p>Regional platforms also may include obligations or sub-obligations to international organizations composed principally of countries to which membership is limited to countries within the region, provided the funds are to be implemented directly by or through the regional international organization.</p> <p>Note: If an operating unit wishes to use an alternative assessment tool, for example one generated through the human and institutional capacity development (HICD) methodology, it should at a minimum include the factors identified in the OCA.</p>
New or Existing Indicator?	Replaces LCD 4
Primary Program Area (Program Element for IIP) Linkage	n/a cross cutting USAID FORWARD - sustainable capacity development
Primary Program Element (Program Sub-Element for IIP) Linkage	n/a cross cutting USAID FORWARD - sustainable capacity development
Linkage to Long-Term Outcome or Impact	This indicator directly tracks an outcome of USAID Forward IPR Objective 2: to strengthen local civil society and private sector capacity.

Indicator Type	Outcome
Unit of Measure	Average percent change of composite scores from one year to the next.
Use of Indicator	This indicator measures progress in actual local capacity development and will be used by USAID management to report on progress towards achieving USAID Forward local capacity development objectives.
Data Source and Reporting Frequency	The assessment score sheet collected in the field by USAID working directly with partner organizations to conduct annual assessments. Note: Specific data sources for each score for each factor in the assessment will be documented in the performance management files for each organization being assessed.
Known Data Limitations	While this is the indicator which most closely tracks actual organizational capacity, the variety of collection methods and possible tools present certain data quality issues. There is an issue of reliability. Within each operating unit reliability will depend upon rigorous implementation of a documented methodology for assessment. Across missions, USAID has determined that flexibility to ensure that the assessment tool corresponds as directly as possible to the particular needs and context of each operating unit is more important than reliability. However to minimize differences across operating units one tool, the OCA is recommended. Records will be kept by each operating unit for each organization assessed and will be aggregated only for reporting purposes. Data is also subject to interpretation bias and there is a possibility that the assessment is intentionally manipulated for political or personal reasons. Therefore each operating unit must document how they determine what level of capacity has been attained across each of the factors assessed and include data sources that can be verified.
Baseline Timeframe	Baselines will vary across missions and organizations. The baseline year should be documented in mission records.
Responsibility	USAID Forward local capacity development team. However, each operating unit will own this indicator and be required to assume responsibility for the quality of their data. Point of contact Littleton Tazewell <a href="mailto:ltazewell@usaid.gov">ltazewell@usaid.gov</a> 202 712 0508
Disaggregate(s)	None for reporting purposes however each operating unit should keep separate files to track the percentage change by organization.